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PAGE 01 STATE 187607

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E.O. 11652: N/A
TAGS: PFOR, MFM
SUBJECT: WRAP-UP OF PREPARATORY MEETING FOR WORKING GROUP
ON TRANSNATIONAL ENTERPRISES

SUMMARY: THE PREPARATORY MEETING IN WASHINGTON OF THE
MFM WORKING GROUP ON TRANSNATIONAL ENTERPRISES COMPLETED ITS
EFFORTS ON AUG 21 ON A POSITIVE NOTE. WITH A MINIMUM OF
CONTROVERSY THE GROUP ADOPTED BY CONSENSUS A WORK PROGRAM
CALLING FOR TWO ADDITIONAL MEETINGS LATER THIS FALL IN
WASHINGTON TO PREPARE FOR A DRAFTING MEETING IN JANUARY.
THE FIRST MEETING, IN NOVEMBER, WILL DISCUSS PRINCIPLES
WHICH SHOULD GUIDE THE ACTIVITIES OF TRANSNATIONAL ENTER-
PRISES AS THEY RELATE TO THE DEVELOPMENT OF LATIN AMERICA;
THE SECOND, IN DECEMBER, PRINCIPLES OF CONDUCT OF TRANS-
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PAGE 02 STATE 187607

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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NATIONALS REQUIRED BECAUSE OF THE POLITICAL PROBLEMS TO WHICH THEIR ACTIVITIES MAY GIVE RISE WITHIN INDIVIDUAL COUNTRIES OR BETWEEN STATES. END SUMMARY.

1. THE PREPARATORY SESSION OF THE WORKING GROUP ON TRANSNATIONAL ENTERPRISES ESTABLISHED BY THE SECOND MFM WAS HELD IN WASHINGTON FROM AUGUST 19 TO 21. AS ANTICIPATED, UNDER SECRETARY MAW WAS ELECTED CHAIRMAN; VENEZUELAN AMBASSADOR JOSE M. MACHIN WAS ELECTED VICE CHAIRMAN AND DESIGNATED BY THE LATIN AMERICANS AS THEIR SPOKESMAN, AND AMBASSADOR JUAN M. FIGUERERO, SECRETARY PRO TEMPORE, WAS ELECTED RAPPORTEUR.

2. THE SESSIONS OF THE WORKING GROUP WERE CLOSED AND INFORMAL. IN SPITE OF DISPARATE VIEWS ABOUT THE TERMS OF REFERENCE FOR WORKING GROUP -- WHICH WAS THE CENTRAL ISSUE FACED AT THE MEETING -- THE SESSIONS WERE CHARACTERIZED BY MUTUAL COOPERATION AND A WILLINGNESS TO COMPROMISE. ALL OF THE COUNTRIES REPRESENTED AT THE MFM MEETINGS SENT DELEGATES TO THE WORKING GROUP. THE LARGEST AND MOST ACTIVE DELEGATIONS WERE FROM ARGENTINA, MEXICO AND BRAZIL WITH THE OTHER LATIN AMERICAN COUNTRIES REPRESENTED, FOR THE MOST PART, BY PERSONNEL FROM THEIR WASHINGTON OR OAS EMBASSIES.

3. THE MEXICAN DELEGATION, WHICH WAS THE FIRST TO PRESENT ITS VIEWS, EXPRESSED THE OPINION THAT NECESSARY INFORMATION ON TRANSNATIONAL ENTERPRISES ALREADY EXISTS AND THAT WORK SHOULD BEGIN IMMEDIATELY ON THE PREPARATION OF OBLIGATORY PRINCIPLES OF CONDUCT FOR TRANSNATIONAL ENTERPRISES.

4. MR. MAW MADE A STATEMENT ON BEHALF OF THE U.S. DELEGATION AND OUTLINED THE PROPOSAL FOR ROUNDTABLE DISCUSSIONS WITH WHICH POSTS ARE ALREADY FAMILIAR.

5. AFTER A LATIN AMERICAN CAUCUS, AMBASSADOR MACHIN RESPONDED AND PROPOSED THAT THE WORK OF THE GROUP BE DIVIDED INTO TWO STAGES: THE FIRST TO CONSIDER THE PRINCIPLES OF CONDUCT THAT MUST BE FOLLOWED BY TRANSNATIONAL ENTERPRISES THAT ARE THE RESULT OF THE INFLUENCE OF THESE ENTERPRISES
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ON THE DEVELOPMENT OF THE LATIN AMERICAN COUNTRIES, PRIMARILY FINANCIAL, TRADE AND TRANSFER OF TECHNOLOGY QUESTIONS; AND A SECOND MEETING TO DEAL WITH PRINCIPLES OF CONDUCT THAT MUST BE FOLLOWED BY TRANSNATIONAL ENTERPRISES IN RELATION TO THE POLITICAL PROBLEMS THAT THEIR ACTIVITIES CAUSE IN THE LATIN AMERICAN COUNTRIES AND IN RELATIONS AMONG STATES.

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6. THE PREPARATORY MEETING UNANIMOUSLY REACHED THE FOLLOWING CONCLUSIONS REGARDING THE WORK PROGRAM OF THE WORKING GROUP: A) TO HOLD TWO PRIVATE PREPARATORY SESSIONS IN WASHINGTON, IN EARLY NOVEMBER AND EARLY DECEMBER: B) THE FIRST MEETING SHOULD DEVOTE PARTICULAR EFFORT TO "A CONSIDERATION OF PRINCIPLES OF CONDUCT THAT SHOULD BE OBSERVED BY TRANSNATIONAL ENTERPRISES AS THEY RELATE TO THE DEVELOPMENT OF LATIN AMERICAN COUNTRIES" AND WILL DEAL WITH THE FINANCIAL, TRADE AND TRANSFER OF TECHNOLOGY ASPECTS: C) THE SECOND MEETING SHOULD DEVOTE PARTICULAR EFFORT TO CONSIDERATION OF THE PRINCIPLES OF CONDUCT THAT SHOULD BE OBSERVED BY TRANSNATIONAL ENTERPRISES AS A CONSEQUENCE OF THE POLITICAL PROBLEMS THAT MAY

ARISE OUT OF THE ACTIVITIES OF SUCH ENTERPRISES IN INDIVIDUAL COUNTRIES AND IN RELATIONS AMONG STATES.

7. COMMENT: OUR PRINCIPAL OBJECTIVE IN THIS MEETING WAS TO OBTAIN THE AGREEMENT OF THE LATINS TO BEGIN WORK SOON ON THE DOCUMENT WHICH THE GROUP IS TO PRODUCE FOR THE MARCH MFM, RATHER THAN WAIT UNTIL JANUARY AS SOME COUNTRIES WISHED. WE ALSO WANTED TO HAVE A WIDE-RANGING DISCUSSION OF THE TECHNICAL ASPECTS OF MNC OPERATIONS IN THE HOPE THAT THIS MIGHT LEAD TO THE DRAFTING OF REALISTIC PRINCIPLES. WE WERE LARGELY SUCCESSFUL IN THESE OBJECTIVES AS THE WORK PROGRAM CALLS FOR ALL ASPECTS OF THE PROBLEM TO BE DISCUSSED AND ENVISAGES THAT THE DELEGATIONS WILL INCLUDE EXPERTS.

8. AT THE SAME TIME, IN ORDER TO REACH AGREEMENT WE HAD TO MOVE MUCH CLOSER TO THE LATIN VIEW THAT THE MANDATE OF THE WORKING GROUP CALLS FOR IT TO DRAFT PRINCIPLES WHICH DEAL ONLY WITH THE CONDUCT OF THE ENTERPRISES, NOT, AT LIMITED OFFICIAL USE

LEAST DIRECTLY, WITH THE ACTIONS OF GOVERNMENTS. THIS WAS A CRUCIAL POINT FOR THE LATINS, SINCE THERE WAS SOME AMBIGUITY IN THE AFTERMATH OF THE APRIL MFM AS TO THE SCOPE OF THE WORKING GROUP'S MANDATE, WITH THE US TRYING TO INTERPRET IT AS BROADLY AS POSSIBLE AND THE LATINS' WISHING TO AVOID HAVING THE DISCUSSION TOUCH DISPUTE SETTLEMENT AND CALVO.

9. WE FEEL THAT THIS IS A GOOD FIRST STEP IN DRAWING THE LATINS INTO A SERIOUS DIALOGUE ON PRIVATE FOREIGN INVESTMENT ISSUES AND THAT THE TERMS OF REFERENCE OF THE WORK PROGRAM, PARTICULARLY BY INCLUDING POLITICAL PROBLEMS ARISING IN RELATIONS BETWEEN STATES, PROVIDE SCOPE FOR DISCUSSION OF GOVERNMENTAL CONDUCT.NEVERTHELESS, OUR

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EXPECTATIONS ARE THAT THE LATINS WILL PRESS US VERY HARD TO ACCEPT THEIR DOCTRINES AND THAT BY MARCH, THE GROUP WILL ONLY BE ABLE TO AGREE ON A MODEST LIST OF RATHER GENERAL PRINCIPLES.

10. WE INTERPRET THE PHRASE "PRINCIPLES OF CONDUCT THAT SHOULD BE OBSERVED" TO MEAN GUIDELINES FOR TRANSNATIONAL ENTERPRISES RATHER THAN MANDATORY PRINCIPLES AND MR. MAW SO STATED IN HIS CLOSING REMARKS.

11. WE ARE POUCHING BOTH THE RAPPORTEUR'S REPORT, WHICH CONTAINS MR. MAW'S OPENING REMARKS, AND THE MEXICAN AND VENEZUELAN PROPOSALS, AND MR. MAW'S CLOSING REMARKS. KISSINGER

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